

TERMS AND CONDITIONS
CITY OF MISSOULA HOMEBUYER ASSISTANCE PROGRAM (HRDC XI)
\$1,885,340 at 5.0%
March 17, 2003

(1) Each Mortgage Loan shall be either insured by FHA under Section 203(b) of the National Housing Act, or guaranteed by the VA under Section 810, Chapter 37 of Title 38, U.S. Code.

(2) The **current** fixed rate of interest on the Mortgage Loans shall be 5.0% per annum (**rate is subject to change at Board's discretion**). Families are required to have a minimum of \$1,000 personal down payment funds on FHA and VA insured loans.

(3) The term of the Mortgage Loans shall be 30 years and such Mortgage Loans shall provide for complete amortization by maturity by equal monthly payments of principal and interest.

(4) The Servicer may deduct a monthly servicing fee at the annual rate of three-hundred-seventy-five thousandths of one percent (.375%) of the outstanding principal balance of Mortgage Loan. The servicing fee factor is .075 (for 5.0%).

(5) The acquisition cost of a Residence being financed by a Mortgage Loan shall include cost of completing the residence and unpaid SID assessments and must not exceed \$189,682 for new construction in Missoula County with the maximum mortgage available of \$160,176 for new homes & existing homes.

(5a) The Mortgage Lender may **NOT** charge an origination fee or a discount fee to the buyer or the seller.

(6) The Residence to be financed shall be occupied as the mortgagor's principal residence, and no more than 15% of the total area of the residence may be used in a trade or business.

(7) Refinancings of existing Mortgage Loans are not eligible for purchase by the Board. Refinancings of construction period loans or other interim financings which have a term of 24 months or less are not considered refinancings of existing Mortgage Loans.

(8) Recapture tax provisions will not apply.

(9) A mortgagor can be obligated on only one Montana Board of Housing loan at a time.

(10) An eligible Mortgage Lender desiring to reserve funds must submit (1) the Mortgage Loan Reservation/Confirmation Report (BOH Form 99); (2) a copy of an executed FHA/VA Loan Application or other complete loan application used by the Mortgage Lender; (3) a copy of an executed Buy/Sell Agreement; (4) verification of Annual Family Income; (5) Letter from the District XI Human Resource Council confirming the eligibility of the Mortgagors for the program; and (6) Signed "Release Of Financial Information" form. Upon receipt of such documents and funds, the Board may reserve bond proceeds for 120 days to acquire Mortgage Loans on existing housing and 180 days to acquire Mortgage Loans for new construction. Such period may

be extended upon payment of an additional one-fourth of one percent (.25%) for each 30-day extension, which shall only be paid by the Mortgage Lender.

(11) Maximum Gross Annual Family Income from all sources not to exceed 80% of the area median income.

(12) The Board will purchase Mortgage Loans at up to one hundred two percent (102%) of the face amount of the Mortgage Loan depending upon project management/lender agreement.

(13) Reservations for mortgage funds are on a first-come, first-served basis and must include written certification from the District XI Human Resource Council that the borrowers have been selected to participate in the program.

(14) Mortgage Loans shall be tendered for sale to the Board within 45 days following execution of the note by the mortgagor. If the Mortgage Lender fails to deliver such loans within 45 days after origination, the purchase price will be reduced by one-half of one percent (.5%) for each 30 days the loan is not delivered. To determine the accrued interest for purchase and interest on monthly mortgage payments, multiply the number of accrual days by the outstanding principal balance, and divide by the 360 day factor (for 5.0%) 7200.0. To determine the accrued interest for payoff, multiply the number of accrual days by the outstanding principal balance, and divide by the 365 day factor (for 5.0%) 7300.00. Series code will be assigned. The monthly remittances and payoffs can be wired or ACHed to:

WIRES: **Direct to ABA 091000019**
 Wells Fargo Bank West, N.A.
 For Deposit to CK ACCT #0001038377
 Credit: Montana Board of Housing
 Servicer (3 digit #) _____

Send only **ONE** wire (all series combined) for each remittance made during the month. You must complete the MBOH **Wire Remittance Detail Fax** form listing the individual remittances for each series (even if remitting only one series). Fax the form to both Wells Fargo Bank N.A. and to the Montana Board of Housing. See the Remittance Detail Fax forms for the appropriate fax numbers.

ACH: **Wells Fargo Bank West, N.A.**
 ABA #091000019
 CK ACCT #0001038377
 CR ACCT: MT BD OF HSG
 Servicer (3 digit #) _____

Send only **ONE** ACH remittance (all series combined) for each remittance made during the month. You must complete the MBOH **ACH Remittance Detail Fax** form listing the individual remittances for each series (even if remitting only one series). Fax the form to both Wells Fargo Bank N.A. and to the Montana Board of Housing. Again, see the Remittance Detail Fax form for the appropriate fax numbers

(15) Mortgage Lenders will be required to provide the Board with information regarding Mortgage Loans when requested by the Board to comply with the requirements of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

(16) The Program will expire December 31, 2005.